

# ROHR INTERNATIONAL

## Weekly Report & Event SUMMARY PERSPECTIVE

Wednesday, May 29, 2013

*“Chance favors the prepared mind.” –L. Pasteur*

▪ **Macro-Technical Trend Perspective:** Lots of data and some central bank-speak too.

However, as is typical of this phase of the month, the economic data does move to center stage on all of the heavy end of month releases. And that plays right into whatever the central bankers are saying now that Bernanke & Co. have signaled they are inclined to ‘taper’ their massive bond market support program based on whether the US economic data improves.

Of course, this will lend itself (pardon the figure of speech) to affecting the bond markets as well, which then have a passing ability to turn around and affect the equities. But a cautionary word to the wise is that any near term backing up of bond yields (i.e. lower prices) is typically only a modest influence on strong equities up trends. And that is already in evidence on the push back above 2.00% US 10-year T-note yields only fomenting what is a very minor **June S&P 500 future** reaction back to the 1,640-1,635 support generated at the end of last week.

That’s only 3.0% off from the very transitory trading high of last Wednesday prior to that sessions lower Close into a DOWN Closing Price Reversal (CPR.) A brief video of how this sets up the late week trend psychology is available at <http://bit.ly/12k1FVH>. Needless to say, how the **June S&P 500 future** does from lower support will also indicate whether it is ready to retest major resistance back up into the key Runaway Gap Objective at 1,669 and closely associated 1,673 daily DOWN CPR Tolerance. All very important for if and when it is ready to push to new high regardless of what the fundamental news and data may seem to indicate.

While the equities and govies have been moving in tandem to some degree of late based on the psychology discussed above, any real strength in the **June S&P 500 future** well above that DOWN CPR, significant Objective and its major historic Oscillator threshold (1,680 this week) would likely spell trouble for the govies. If so, look for 1,705-10 as the next stop.

▪ **Most Likely Critical Horizons:** It has already been a most interesting week in terms of weak data not creating too much of a problem for the equities. Monday saw China Industrial Profits below expectations, Tuesday did have a strong influence from US Home Prices and Consumer Confidence, yet the Richmond Fed Manufacturing Index was weak, as was Japan Retail Trade, Australian Westpac Leading Index, the German Unemployment Change and UK CBI Reported Sales. So it’s going to be very interesting to see what we get on Thursday’s Euro-zone Confidence indicators, US GDP & Personal Consumption and Weekly Jobless Claims and Pending Home Sale. And as the last reporting day of the month, Friday gets even more intense with the Japanese Manufacturing Purchasing Managers’ Index, National and Tokyo CPI, Household Spending, Jobless Rate, Industrial Production, Vehicle Production, Housing Starts and Construction Orders, German Retail Sales, Italian Unemployment Rate, UK GfK Consumer Confidence Survey, Net Lending on Dwellings, Mortgage Approvals, and its Net Consumer Credit, Euro-zone CPI Estimate and Unemployment Rate, Canadian GDP, US Personal Income & Spending and PCE Deflator, NAPM-Milwaukee, Chicago Purchasing Managers’ Index and Michigan Confidence along with Revisions to the Wholesale Inventories and Sales Reports, and Revisions to Retail Sales Report. Quite a culmination for the week.

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▪ [Economic Data Highlights:](#)

**Monday:** China Industrial Profits, UK Hometrack Housing Survey

**Tuesday:** Japan Corporate Service Price, China Leading Index, German Import Price Index, US S&P/Case-Shiller Home Price Index & Richmond Fed Manufacturing Index & Consumer Confidence & Dallas Fed Manufacturing Activity

**Wednesday:** Japan Retail Trade, Australia Westpac Leading Index & Construction Work Done, German Unemployment Change and Rate & Consumer Price Index, UK CBI Reported Sales, US MBA Mortgage Applications

**Thursday:** Australia Building Approvals & Private Capital Expenditure, UK Lloyds Business Barometer, Euro-zone Confidence indicators, US GDP & Personal Consumption & Initial Jobless Claims & Pending Home Sales, Canada Raw Materials Price Index & Industrial Product Price & Current Account

**Friday:** Japan Nomura/JMMA Manufacturing Purchasing Manager Index & National and Tokyo CPI & Household Spending & Jobless Rate & Industrial Production & Vehicle Production & Housing Starts & Construction Orders, German Retail Sales, Italian Unemployment Rate, UK GfK Consumer Confidence Survey & Net Lending Secured on Dwellings & Money Supply & Mortgage Approvals & Net Consumer Credit, Euro-zone CPI Estimate & Unemployment Rate, Canada GDP, US Personal Income and Spending & PCE Deflator & NAPM-Milwaukee & Chicago Purchasing Managers' Index & Michigan Confidence & Revisions to the Wholesale Inventories and Sales Reports & Revisions to Retail Sales Report

▪ [Central Banks, Finance Ministries, Political Influences & General Events:](#)

**Monday:** BOJ's Kuroda, ECB's Asmussen (twice), UK Markets Closed in observance of Spring Bank Holiday, US Markets Closed in observance of Memorial Day Holiday

**Tuesday:** Bank of Japan April 26 meeting minutes, BoJ's Miyao, ECB's Asmussen (twice again), BoE's Haldane, BoE's Tucker

**Wednesday:** BoJ's Kuroda, OECD May Economic Outlook, BoE's Bean, BoE's Haldane, Bank of Canada Rate Decision and Statement, Fed's Rosengren

**Thursday:** ECB Public holiday – Corpus Christi, BOJ's Nakaso, ECB's Costa and Portugal's Gaspar, Former Fed Chairman Paul Volcker, ECB's Costa

**Friday:** BoJ's Nakaso, BoE's Haldane, Fed's Piantalto, Fed's Liang

▪ [Government Debt Auctions or Operations:](#)

**Monday:** Germany, Italian announcement

**Tuesday:** Japan, Italy, US

**Wednesday:** Australia, Italy, UK, US

**Thursday:** Japan, Italy, US

**Friday:** Australia, ECB Announces 3-Year LTRO Repayment, UK DMO announcement

[Concise Market View](#)

▪ The discussion of the key indications for the June S&P 500 future noted above may be specific to the generally strong global equities trend that experienced as bit of a reaction since the middle of last week. However, that also is of no small importance for the end of the primary government bond markets bull, and if the greenback still dominates the trend in foreign exchange. Especially any sharp equities swing from here will be critical.

With the economic data remaining soft, the recent equities selloff does not necessarily make the govies bear markets; at least not just yet. However, the importance of the 130-00 area in the **June T-note future** and the lower 'even money' areas in the other govies (116.00 **Gilt** and 143.00 **Bund**) cannot be over-estimated. In each case those are major up channel supports from significant lows 2-3 years back. And the 130-00 area in the **June T-note future** is a confluence of major contract congestion and the bottom (Return Line) of the overall weekly down channel from the 135-29 May 2012 major high. As such, any failure below it would be a very significant rote support failure and DOWN Acceleration at the same time. That could lead to a quick further drop to at least the mid-low 128-00 area, and set a floor under the US 10-year T-note yields above the key psychological 2.00% area.

Last Thursday's **Current Rohr Technical Projections - Key Levels & Select Comments** (below) still stand as the key levels, even if psychology has evolved to some degree. Those will be updated after Thursday's US Close to reflect any influence from the release of the Euro-zone confidence indicators and US GDP revision tomorrow, and prepare for the onslaught of end of month economic data on Friday which may prove critical to the near term trend.

**June S&P 500 Future: 1,594-1,606 Runaway Gap 1,669 Objective finally hit, yet attempt to exceed it imploded into 1,665-73 DOWN CPR. Yet solid support remains in lower 1,600s.**

RES: 1,655 (OSC); 1,665-73 (OBJ & APR '99 all-time OSC); 1,685.50

SUPP: 1,640 ; 1,631.50; 1,620; 1,606 (gap high); 1,594-1,592.30

**Government Bond Futures:** Push higher on weak economic data was impressive, and previous weakening of even US economic data supported resilient holding near top of the rally. However, anticipatory 'hostage to fortune' rally on weak data was tipped over by the stronger data. And now the US bid is eroded by the passing mention of potential end of Fed massive QE if economic data continues to improve. Yet, that is problematic at best, and will be best anticipated by the countervailing influence of the equities trend. Important in short term that equities have likely topped for now, even if well-supported.

JUN T-note: RES: 132-00/131-25; 133-04/132-24; 133-10/-08; 134-04/133-26

SUPP: 131-16/-08; 130-30 (JAN low); 130-20 (12/08 hi); 130-00/129-24

JUN UK Gilt: RES: 118.00; 118.50-.25; 119.30-.52; 120.53; 121.05; 121.50

SUPP: 117.57; 117.20-.00; 116.30-.00; 115.67-.34; 114.50; 114.00

JUN Bund: RES: 145.00-.20; 145.60-.88; 146.26; 146.89 (all-time high)

SUPP: 144.00-.34; 143.50-.75; 143.00; 142.30-.62; 141.70; 141.30-.00

**December 2013 Short Money Forward Futures:**

Eurodollar: RES: 99.70 (high); (all OSC) 99.75 & 99.80 & 99.86

SUPP: 99.66 (MAR highs); 99.63; 99.60-.59 (AUG 2011 High); 99.55

**Foreign Exchange: US Dollar**

USD INDEX: Now encouraged by not just euro short term weakness, but also the Aussie dollar and continued yen softness. Even as equities strength seemed a 'risk-on' rally that is now waning, that is still not assisting weaker economies and currencies very much. Equities dip encouraging USD reaction, but not much and trend signals still up for now.

**USD INDEX: RES:** .8450; .8516; .8625-36; **.8695**; .8750; **.8825-70**  
**SUPP:** .8335-55; .8300; **.8225-60**; **.8150-80**; **.8080-50**; .8015-00

**EUR/USD:** While major 1.3450-1.3550 resistance temporarily violated into February, spill back below it was a fresh DOWN Break. Daily back UP since push back above 1.2860, and above weekly MA-13 reinforced critical nature of 1.3170-1.3200 resistance. And back below 1.2950-1.3000 is uglier this time due to the weak state of all the trend indicators.

**RES:** 1.2950-1.3000; 1.3080; 1.3170-1.3200; 1.3250-80  
**SUPP:** 1.2860; 1.2712-1.2660; **1.2570-00**; 1.2450; 1.2289; 1.2150

**GBP/USD:** Much as with EUR/USD above 1.2500-1.2450, the August push above 1.5750 key weekly MA's, Fibonacci and congestion led to a full extension to major 1.6300 area. Yet serial failures below key 1.5233 and 1.5000 area looked ugly. And 1.5500-1.5450 area was critical on daily MACD DOWNturn looking bad and 1.5245-25 has failed once again.

**RES:** 1.5245-25; 1.5345; 1.5500-1.5450; 1.5650-00 (NEG UP Brk)  
**SUPP:** 1.4950-1.4885; 1.4832; 1.4615-1.4550; **1.4450**; 143.30

**USD/JPY:** Even with BoJ aggressive QE acceleration there was likely only so far the yen can go in the wake of the JGB debacle finally weighing on the mighty NIKKEI. Even as it falls sort of the next major level (and likely intermediate term exhaustion) at 105.00-.50, as of yesterday it could not remain back below 101.45. And even if it does, more major trend factors come into play in the 100 and 99 areas on weekly MACD and daily MAs.

**RES:** 103.80; **105.50**; 107.50; **109.00**; **110.67**; **112.50**; 115.00  
**SUPP:** **101.45-25**; **100.00**; 99.00; **97.75**; **96.71**; 96.00; **95.00**; **93.80**

**AUD/USD:** Commodity currency less than impressive on failure below 1.0450-1.0500 after stallout into 1.0600 area. Daily MACD back DOWN on failure of 1.0350 UP Break and RBA rate cut has now seen DOWN Break below .9850-00 already test .9581-37 major low area.

**RES:** **9850-10**; 1.0000-.9950; 1.0150-00; 1.0250-20; 1.0350  
**SUPP:** **.9705**; **.9581-37 (MAY '12 low)**; **.9388 (OCT '11 low)**

**Foreign Exchange:** Cross Rates: Euro currency weakness back, yet not dominant secular trend in the wake of continued weak economic data weighing heavily on the Australian dollar; and that raises questions about the real condition of the Chinese economy. It is a bit of a surprise there was no strength on equities trend seeming to signal better general global economic conditions. As noted previous, this was 'Irrational Lack of Exuberance'. In any event, policy-driven Japanese yen weakness in force in spite of recent reaction.

**EUR/JPY: RES:** 133.00; **134.00**; 137.00; **138.50-139.14**; **141.25**; 147.50  
**SUPP:** **130.00**; **127.94**; 125.00-50; 124.00; **122.74-123.35**

**EUR/GBP:** Pound regained strong sister status since mid-March general basing after the long slide. Repeated euro failures at .8800 resistance led to slippage below .8600 as well, and with weekly MACD DOWN, the .8400 support critical this side of upper .8100 area.

**RES:** .8580-.8600; **.8675-.8700**; **.8800-30**; .8880; **.9000**; .9085; **.9150**  
**SUPP:** **.8500**; **.8370-.8400**; **.8250-70**; **.8180-41**; .8115; .8020-00

**EUR/AUD: RES: 1.3300-1.3260; 1.3520; 1.3700-1.3648; 1.3878-1.3900**  
**SUPP: 1.3100; 1.3000-1.2925; 1.2810-35; 1.2650-00; 1.2480-1.2510**

We hope you find this helpful.

-Rohr

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